GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3599
ANSWERED ON:16.12.2005
BANKS IN COMMODITIES TRADE
Chitthan Shri N.S.V.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is planning to allow Banks to transact in Commodities Trade ;

(b) if so, the details thereof ;

(c) whether Reserve Bank of India working group has recommended to this effect; and

(d) if so, the stand of the Government in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (d) Following the announcement made in the Mid-Term Review of the Annual Policy Statement for the year 2004-05, Reserve Bank of India constituted a Working Group on Warehouse Receipts and Commodities Futures, which, inter-alia, recommended permitting banks to deal in the business of agricultural commodities including derivatives, to permit banks take independent proprietary position in commodity futures linked in a macro way to their credit portfolio, banks to adopt suitable risk control measures, to grant general permission to the banks to become professional clearing members of commodity exchanges etc. RBI has examined the recommendations of the Working Group. The Govt. has not so far received RBI recommendation for notification under clause (o) of Sub-section (1) of Section 6 of the Banking Regulation Act, 1949 in this regard.